

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AID-05 CIAE-00 COME-00 EB-08
FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02
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FM AMEMBASSY DUBLIN
TO SECSTATE WASHDC 9065
INFO AMEMBASSY BONN
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AMEMBASSY ROME
AMEMBASSY THE HAGUE
USMISSION EC BRUSSELS
USMISSION GENEVA

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PASS AGRICULTURE

E.O. 11652: N/A
TAGS: EAGR EC EI
SUBJECT: IRISH REACTION TO EC FARM PRICE PACKAGE

1. SUMMARY. MINISTER OF AGRICULTURE CLINTON STATES
THAT SETTLEMENT WILL MEAN NINETY MILLION POUND STERLING
BOOST TO IRISH FARM ECONOMY THIS YEAR. FARMERS
REPRESENTATIVES GAVE CAUTIOUS WELCOME TO PACKAGE WHILE
DEPLORING LOSS OF HIGHER MILK PRICES FOR APRIL.
CONSUMER INTERESTS OPPOSITION TO HIGHER FOOD PRICES
GIVEN PROMINENT PRESS COVERAGE. GOVERNMENT PROMISES
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INCREASED SUBSIDIES TO OFFSET PRICE INCREASES.
END SUMMARY.

2. MINISTER OF AGRICULTURE CLINTON RETURNED FROM
BRUSSELS STATING AGREEMENT WILL MEAN ADDITIONAL
NINETY MILLION POUND STERLING INJECTION INTO IRISH
FARM ECONOMY DURING REMAINDER CY 1977 AND ONE HUNDRED

THIRTY MILLION POUND STERLING INCREASE OVER NEXT TWELVE MONTHS. HE ATTACKED CRITICS OF SETTLEMENT SAYING QUOTE TO DO ANYTHING OTHER THAN LOOK FOR BEST POSSIBLE PRICE FOR AGRICULTURAL PRODUCE WOULD BE COMPLETELY RIDICULOUS WHEN IT IS REMEMBERED THAT ABOUT FIFTY PER CENT OF OUR JOBS DEPEND UPON AGRICULTURE. UNQUOTE.

3. FARM LEADERS WERE CAUTIOUS. THEY WELCOMED PACKAGE SETTLEMENT BUT CRITICIZED BRITISH FOR HOLDING UP COMPLETION OF NEGOTIATIONS PARTICULARLY AS DAIRY FARMERS WILL NOT RECEIVE PRICE INCREASE FOR APRIL, WHICH IS QUOTE A CRITICAL MONTH FOR IRISH MILK PRODUCERS UNQUOTE. FARM SPOKESMEN ALSO EXPRESSED DISAPPOINTMENT THAT PACKAGE DID NOT FULLY COMPENSATE PRODUCERS FOR INFLATIONARY IMPACT ON COSTS.

4. MAJOR PRESS EDITORIALS AND STORIES WIDELY QUOTED CONSUMER GROUPS OPPOSITION TO INCREASED FOOD PRICES. RADIO COMMENTATORS COMMENTED THAT BRITISH HOUSEWIVES WOULD PAY FIVE PENCE LESS PER POUND OF BUTTER, WHILE IRISH HOUSEWIVES WERE PAYING SIX PENCE MORE. THE IRISH PRESS EDITORIAL EVEN SPECULATED THAT BECAUSE OF BUTTER PRICE DIFFERENTIALS RESULTING FROM PACKAGE, IRISH CONSUMERS COULD DRIVE TO NORTHERN IRELAND, BUY BUTTER AND THUS REDUCE DEMAND IN THE REPUBLIC AND HAVE A DEPRESSING EFFECT ON IRISH FARM INCOMES.

5. TO COUNTER CRITICISM GOI HAS ANNOUNCED AN INCREASED LIMITED OFFICIAL USE

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SUBSIDY TO BE FINANCED WITH BOTH GOI AND FEOGA FUNDS TO OFFSET INCREASES IN BUTTER, CHEESE AND MILK PRICES CAUSED BY ALL ELEMENTS OF PACKAGE INCLUDING APRIL GREEN POUND DEVALUATION. DETAILS OF SUBSIDY HAVE NOT BEEN WORKED OUT.

6. COMMENT: THE IRISH GOVERNMENT HAS MANAGED A RATHER ADEPT TRICK IN RAISING FARM INCOMES WHILE, AT LEAST FOR THE MOMENT, STAVING OFF DRAMATIC FOOD PRICE RISES WITH SUBSIDIES. THIS SEEMS TO BE A SIGNAL FOR AN ELECTION FAIRLY SOON (THE IRISH ELECTION MUST BE HELD PRIOR TO EARLY 1978). SINCE THE BUDGET DID NOT FORESEE THESE SUBSIDIES IT IS APPARENT THEY CANNOT BE MAINTAINED LONG WITHOUT CUTTING SPENDING IN OTHER AREAS. CURLEY

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